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AZ CORP COMMISSION
DOCUMENT CONTROL

Attorneys for Arizona-American
Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS SUN CITY
WEST WATER AND WASTEWATER
DISTRICTS.

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, INC.,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS SUN CITY
WATER AND WASTEWATER
DISTRICTS.

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS MOHAVE
WATER AND HAVASU WATER
DISTRICTS.

DOCKET NOS. WS-01303A-02-0867
WS-01303A-02-0868
W-01303A-02-0869
WS-01303A-02-0870
W-01303A-02-0908

(CONSOLIDATED)

**ARIZONA-AMERICAN WATER
COMPANY'S NOTICE OF FILING
COMPLIANCE STATUS LETTER**

Arizona Corporation Commission
DOCKETED

MAR 25 2004

DOCKETED BY	
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1 IN THE MATTER OF THE
2 APPLICATION OF ARIZONA-
3 AMERICAN WATER COMPANY, AN
4 ARIZONA CORPORATION, FOR A
5 DETERMINATION OF THE CURRENT
6 FAIR VALUE OF ITS UTILITY PLANT
7 AND PROPERTY AND FOR
8 INCREASES IN ITS RATES AND
9 CHARGES BASED THEREON FOR
10 UTILITY SERVICE BY ITS ANTHEM
11 WATER, AGUA FRIA WATER AND
12 ANTHEM/AGUA FRIA WASTEWATER
13 DISTRICTS.

14 IN THE MATTER OF THE
15 APPLICATION OF ARIZONA-
16 AMERICAN WATER COMPANY, AN
17 ARIZONA CORPORATION, FOR A
18 DETERMINATION OF THE CURRENT
19 FAIR VALUE OF ITS UTILITY PLANT
20 AND PROPERTY AND FOR
21 INCREASES IN ITS RATES AND
22 CHARGES BASED THEREON FOR
23 UTILITY SERVICE BY ITS TUBAC
24 WATER DISTRICT.

25 Arizona-American Water Company hereby gives notice that it has filed in the
26 above-consolidated proceeding a copy of a letter dated March 25, 2004, to Commissioner
William A. Mundell regarding an incident that occurred in February 2004 relating to
Arizona-American's Havasu water district. A true copy of this letter is attached to this
notice. A copy of Arizona-American's letter to Commissioner Mundell is being filed in
this docket because it directly responds to a letter that Commissioner Mundell filed in the
docket on March 3, 2004. Although the letter is self-explanatory, Arizona-American
wishes to emphasize that it is in compliance with all safe drinking water standards and
requirements.

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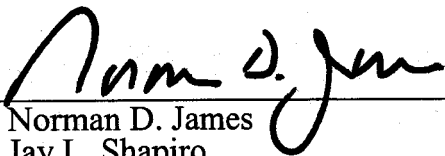
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1 DATED this 25th day of March, 2004.

2 FENNEMORE CRAIG

3
4 By 
5 Norman D. James
6 Jay L. Shapiro
Attorneys for Arizona-American Water
Company

7 ORIGINAL and 21 copies
8 of the foregoing were
9 delivered this 25th day
of March, 2004, to:

10 Docket Control
11 Arizona Corporation Commission
12 1200 W. Washington St.
13 Phoenix, AZ 85007

14 COPY of the foregoing was
15 delivered this 25th day of
16 March, 2004 to:

17 Chairman Marc Spitzer
18 Arizona Corporation Commission
19 1200 W. Washington St.
20 Phoenix, AZ 85007

21 Commissioner William Mundell
22 Arizona Corporation Commission
23 1200 W. Washington St.
24 Phoenix, AZ 85007

25 Commissioner Mike Gleason
26 Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Commissioner Jeff Hatch-Miller
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

1 Commissioner Kristin Mayes
2 Arizona Corporation Commission
3 1200 W. Washington St.
4 Phoenix, AZ 85007
5
6 Paul Walker, Aide to Chairman Spitzer
7 Arizona Corporation Commission
8 1200 W. Washington St.
9 Phoenix, AZ 85007
10
11 Adam Stafford, Aide to Commissioner Mundell
12 Arizona Corporation Commission
13 1200 W. Washington St.
14 Phoenix, AZ 85007
15
16 Jodi Jerich, Esq., Aide to Commissioner Gleason
17 Arizona Corporation Commission
18 1200 W. Washington St.
19 Phoenix, AZ 85007
20
21 Dean Miller, Aide to Commissioner Hatch-Miller
22 Arizona Corporation Commission
23 1200 W. Washington St.
24 Phoenix, AZ 85007
25
26 Jerry Hays, II, Aide to Commissioner Mayes
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007
Teena Wolfe
Administrative Law Judge
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ
Timothy Sabo, Esq.
Gary Horton, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ
Ernest G. Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ

1 And a copy mailed this 25th
2 day of March, 2004 to:

3 Daniel Pozefsky
4 Residential Utilities Consumer Office
5 1110 W. Washington, Suite 220
6 Phoenix, AZ 85007

7 Carlton G. Young
8 3203 W. Steinbeck Dr.
9 Anthem, AZ 85086

10 Frank J. Grimmelmann
11 42441 N. Cross Timbers Court
12 Anthem, AZ 85086

13 Raymond E. Dare
14 Sun City Taxpayers' Association
15 12630 N. 103rd Ave., Suite 144
16 Sun City, AZ 85351-3476

17 William P. Sullivan
18 Paul R. Michaud
19 Martinez & Curtis
20 2712 N. 7th St.
21 Phoenix, AZ 85006
22 Attorneys for the Town of Youngtown

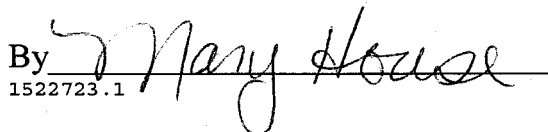
23 Walter Meek
24 Arizona Utility Investors Association
25 2100 N. Central Ave.
26 Phoenix, AZ 85004

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Warner Angle Hallam Jackson & Formanek
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Phoenix, AZ 85004-2385
Attorneys for Sun Health Corporation

By

1522723.1



Mr. William Mundell
Commissioner
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2996

Administration

Your ref Ray L. Jones
Phone 623-445-2411
Fax 623-445-2451
E-Mail rjones@amwater.com

March 25, 2004

Re: Desert Hills Water Quality

Dear Commissioner Mundell:

I am very pleased to inform you that mid-March samples determined that nitrate levels in our Desert Hills service area have decreased to 8.3 mg/l and are now in compliance with the maximum contaminate level (MCL) of 10 mg/l for nitrates. Since mid-February, Arizona-American has continued to test the Desert Hills service area wells every two weeks. The reduced nitrate level has been confirmed by nine (9) samples on three (3) separate sampling events. In coordination with the Arizona Department of Environmental Quality, customers are now being informed about the recent nitrate level declines and that their water meets all drinking water standards.

With this change in status for the Desert Hills system, Arizona-American is again in full compliance with water quality regulations in all of its systems throughout the State of Arizona.

As previously communicated, we take our obligation to provide drinking water meeting all regulatory requirements to our customers very seriously. Throughout this unexpected and unavoidable situation, Arizona-American has endeavored to provide open and honest communication to our customers, the Department of Environmental Quality and the Arizona Corporation Commission. We hope we have met your expectation in this regard.

While it appears that seasonal variation in water quality has quickly resolved this incident, we are committed to insuring that this situation is not repeated in the future. We are continuing, in an expedited manner, to implement our previously communicated plan to supplement the water supply in Desert Hills. We will continue to accelerate the addition of a new well and booster station and construction of 1,000 feet of 10-inch diameter interconnection pipeline. Once the pipeline connects the new well and booster station to the portion of the Desert Hills system that experienced high nitrates, we will be able to provide water meeting all regulatory requirements even if nitrates in the existing wells again increase above the MCL of 10 mg/l.

Arizona American Water

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Suite 201
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USA

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F +1 623 445 2451
I www.amwater.com

Page 2

If you have any questions about our water service in Desert Hills or any other area,
please call me directly at (623) 445-2411.

Sincerely,



Ray L. Jones
President